

Finance Committee Regular Meeting
Minutes of the June 13, 2017

Dodge County Finance Committee Chairman, Dave Frohling called the Finance Committee meeting to order at 8:00 a.m. on Tuesday, June 13th, 2017 in Room H & I – Auditorium of the Administration Building. Chairman Frohling took roll and the following were present: Frohling, Schaefer, Fink, Benter and Guckenberger.

Also present: County Board Chairman Russ Kottke, County Supervisor Jeff Caine, Mielke, Kolp, Hilker, Ruth Otto, Sarah Hinze, Jane Hooper, Scott Smith, Becky Bell, Monica Hooper, Lifke and Ehlers' Investment representatives Ken Herdeman and Dawn Lawson.

Julie Kolp, Finance Director certified the public notice given for this meeting complies with the requirements of Wisconsin's open meetings law.

Motion by Benter and 2nd by Schaefer to allow the chair to deviate from the agenda at his discretion. Motion carried with unanimous approval.

Motion by Schaefer and 2nd by Fink to approve May 9, 2017 regular committee meeting minutes as presented. Motion carried with unanimous approval.

Resolution No. 17-19 – Acquire MatrixCare Clinical and Billing Software Solution and Professional Services. The Fiscal Note set forth in Resolution to acquire MatrixCare Clinical and Billing Software Solution and Professional Services was presented to the Finance Committee for its review and approval. The Fiscal Note sets forth a Fiscal Impact in the amount of \$1,095 surplus. Ruth Otto, Information Technology Director appeared to present information. According to Otto, the current system was in place since 2002 and it was time for replacement. MatrixCare will replace four systems that do not talk to each other or JD Edwards: Billing, Clinical, and Dietary. The goal is to go live January 1, 2018. A backup is part of the agreement. Currently there is not a backup in place. Other nursing homes including the Samaritan Health Center in Washington County are currently using Matrix. Corporation Counsel is assisting with the contract. Motion by Schaefer and 2nd by Benter to approve the Fiscal Note as presented and authorize and direct the Finance Committee's Chairman to sign the Fiscal Note and send Resolution 17-19 to acquire MatrixCare Clinical and Billing Software Solution and Professional Services to the County Clerk. Motion carried with unanimous approval.

Resolution – Fiscal Agent Designation for Accessible Transportation Community Initiative Grant. The Fiscal Note set forth in Resolution for Fiscal Agent Designation for Accessible Transportation Community Initiative Grant was presented to the Finance Committee for its review and approval. The Fiscal Note sets forth a Fiscal Impact in the amount of \$100,000 Revenues/\$100,000 Expense – Net \$0. Becky Bell, Human Services and Health Director appeared to inform committee members of this opportunity to provide transportation to county residents. According to Bell, this would be a non-lapsing fund that would carry over to 2018 with the potential of going into 2019. Monica Hooper, Division Manager of Fiscal Support worked with Finance on the budget for this grant. According to Hooper, program expenditures will be submitted for reimbursement. Motion by Fink and 2nd by Schaefer to approve the Fiscal Note as presented and authorize and direct the Finance Committee's Chairman to sign the Fiscal Note and send the Resolution for Fiscal Agent Designation for Accessible Transportation Community Initiative Grant to the County Clerk. Motion carried with unanimous approval.

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Resolution – Abolish Counselor I, II, or III – AODA Position and Create Psychiatrist Therapist II – Outpatient Position. The Fiscal Note set forth in Resolution to abolish Counselor I, II, or III- AODA and Create Psychiatrist Therapist II - Outpatient was presented to the Finance Committee for its review and approval. The Fiscal Note sets forth a Fiscal Impact in the amount of \$93 surplus. According to Bell, this resolution is similar to March's resolution of abolish and create a Psychiatrist Therapist II position. Bell stated the intent is to fill this position with a master degree, dually credential individual in order to maximize reimbursement. This will also enable clients to see one staff member instead of two. The position will begin September 2017. Motion by Guckenberger and 2nd by Benter to approve the Fiscal Note as presented and authorize and direct the Finance Committee's Chairman to sign the Fiscal Note and send Resolution to Abolish Counselor I, II, III – AODA and Create Psychiatrist Therapist II - Outpatient to the County Clerk. Motion carried with unanimous approval.

Resolution – Creation of Commission on Aging and Disability Services. The Fiscal Note set forth in Resolution to create Commission on Aging and Disability Services was presented to the Finance Committee for its review and approval. The Fiscal Note sets forth a Fiscal Impact in the amount of \$503.70 deficit. According to Bell, similar functions are being performed by the Aging Advisory Committee and the Aging and Disability Resource Center (ADRC) Board. The Commission on Aging and Disability Services shall act as the commission on aging as required by State Statue. Budget impact is based on per diem and mileage for all committee members including non-County Board members. Motion by Guckenberger and 2nd by Schaefer to approve the Fiscal Note as presented and authorize and direct the Finance Committee's Chairman to sign the Fiscal Note and send Resolution to create Commission on Aging and Disability Services to the County Clerk. Motion carried with unanimous approval.

Resolution – Establish Nutrition Advisory Council. The Fiscal Note set forth in Resolution to establish Nutrition Advisory Council was presented to the Finance Committee for its review and approval. The Fiscal Note sets forth a Fiscal Impact in the amount of \$1,383.15 deficit. The Nutrition Advisory Committee was disbanded in 1992 but started meeting again on an informal basis. According to Bell, State Statues requires a separate board for meals due to a different focus and requires representation from all dining center and home delivered meals causing a membership number of 11. Council members are not appointed by the County Board and County Board representation is not required for this committee. The council will begin July 1, 2017. Funding for this committee will come from excess funds in other Health and Human Services business units (BU). Motion by Scheafer and 2nd by Benter to approve the Fiscal Note as presented and authorize and direct the Finance Committee's Chairman to sign the Fiscal Note and send Resolution to establish Nutrition Advisory Council to the County Clerk. Motion carried 4 –1. Guckenberger opposed.

Resolution – Authorizing Issuance and Sale of \$9,485,000 General Obligation Refunding Bonds. A Special Finance Committee meeting is scheduled for Tuesday, June 20, 2017 at 6:30 p.m. in Room 4C, 4th floor of the Administration Building to review bid results. If the reissuance savings are not appropriate, this resolution will not go to County Board. The completed resolution will be at Tuesday's special meeting for signatures after reviewing bid results. There will also be a presentation at County Board regarding the bond sale. Motion by Benter and 2nd

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by Guckenberger to proceed with issuance and sale of \$9,485,000 General Obligation Refunding Bonds to the County Clerk. Motion carried with unanimous approval.

Committee Chairman, Frohling presented the Sales and Use Tax Allocation Prioritization Policy. According to Frohling, this policy is for budgeting purposes. Discussion on the policy included Guckenberger continued opposition to the Highway priority. Motion by Benter and 2nd by Fink to approve the Sales and Use Tax Allocation Prioritization Policy. Motion carried 4 – 1. Guckenberger opposed.

Ken Herdeman, Chief Investment Officer for Ehlers Investment Partners appeared to review and discuss Dodge County's Cash Reserve. According to Herdeman, Ehlers Investment Partners recommended the County review its investment policy at least every 3 years. Herdeman noted that Ehlers' records indicate the last review and update was April 2011. Herdeman requested review information be provided to Ehlers at the County's earliest convenience. Assets under management by Ehlers on May 31, 2017 were over \$8.3 million, which is lower than previous years. The county's portfolio consists of 46% Federal Deposit Insurance Corporation (FDIC) insured certificates, 47% US government sponsored enterprise securities, 4% highly rated municipal securities and 3% in cash deposited FDIC insured money market accounts. All investments address the Safety Issuance AA rated or higher. Other information presented by Herdeman include:

- Average weighted maturity of portfolio is 1.9 years. Ehlers' recommends a ladder maturity structure of not more than 3 years in order to minimize liquidity and market risk.
- Annualized total rate of return for May 31, 2017 was 1.4965%, net of fees. Average weighted yield to maturity was 1.088%, net of fees.
- Local Government Investment Pool (LGIP) was used by Herdeman as a benchmark because the County is familiar with it and its pool of investments is similar to Ehlers. May 31, 2017 benchmark comments by Herdeman were:
 - o LGIP's average rate was 38 days compared to Ehlers' average rate of 2 years.
 - o Estimated earnings of Ehlers' investments if invested in the LGIP for past 12 months would have been \$44, 949 compared to Ehlers' \$92,005 actual earnings.
- Market comments and past, current and future projections are included in the Investment Portfolio Review.
- Fees are based on a tiered scale of asset value according to the investment contract with Ehlers. Past fees have been 1.6 – 1.8 % of asset value.

M. Hooper provided an update on Internal Control over Financial Reporting – Material Weaknesses identified in Johnson^Block's 2015 Audit. According to Hooper, Netsmart representatives will be on sight in May to assist with file upload and correct any other problems identified. March claims have been sent out and they are working on uploading data to JD Edwards. The file that was created for JD Edwards currently lists charges in detail; however, data summary would be the preferred file. This file will be imported directly into JD Edwards without manipulation.

M. Hooper continued with an update on the US Department of Justice (DOJ) corrective action plan. A response is due June 19, 2017. DOJ Grant Financial Management training is still in progress. Four staff members are required to complete the training. Goal for training

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completion is Thursday. Currently, one staff members has completed the training. More information is still needed for procedures on Accounts Receivable as well as evidence of actions taken. The IM Consortia – Dane County Department of Human Services corrective action plan will be similar to DOJ's plan.

Otto presented information on a Contingent Appropriation for Kronos programing changes. According to Otto, the State has a new system to handle Wisconsin Retirement System (WRS) and in order to be compliant, programing changes will need to be made to Kronos Human Resource (HR) and Payroll files. The State's system will begin accepting the new file format beginning January 2018 so implementation cannot wait for the next budget. Kronos was customized for WRS based on requirements at the time and according to Otto, it was very complicated. The new requirement is specific on the data format being sent. It will include employment and payroll files that are not currently sent. These file transfers were annual transmissions but will become monthly transmissions. Otto continues to look for efficiencies in her department to cover additional needs; however, no efficiencies have been identified to cover this additional cost. Jim Mielke, County Administrator made the recommendation to request Contingent Appropriation for the Kronos programing. Motion by Schaefer and 2nd by Fink to approve a \$17,640 Contingent Appropriation transfer to Business Unit (BU) 1814 – Enterprise Systems. Motion carried with unanimous approval.

Scott Smith, Chief Deputy Sheriff appeared to present a request to expend Jail Improvement Funds for a radio repeater and base station for the Sheriff's Office. According to Smith, funds were budgeted. The radio repeater is part of an ongoing replacement process. This purchase will complete this infrastructure replacement project. Smith noted a correction to the memo he provided committee members. The third paragraph references a metal detector and it should be the radio repeater and base station. Motion by Benter and 2nd by Schaefer to purchase a radio repeater and base station for \$14,407.73 from BU 1326 – Jail Improvement and process vouchers when received. Motion carried with unanimous approval.

Bernie Mueller, Child Support Director presented information on a request to transfer funds to Unclaimed Property. According to Kolp, Child Support received funds that were owed to a client. The check was never cashed after repeated attempts. Motion by Guckenberger and 2nd by Benter to transfer \$39 to BU 100.2314 – Unclaimed Trust Fund. Motion carried with unanimous approval.

The County Treasurer provided committee members copies of April 2017's Statement of Cash. May 2017's County Investment holdings was not available for review at the time of the meeting.

The monthly county state sales tax remittance report was reviewed. May 2017's remittance for March was \$522,150 compared to \$407,852 from the same period in 2016. The fiscal year remittance to date is \$2,531,810 compared to \$2,096,865 the same period of time in 2016.

Julie Kolp, Finance Director reported on the upcoming Moody's call for the bond rating. Financials will be reviewed. Ehlers' is confident the call will be similar to prior calls. Sales tax is also important for the rating and currently 2017's Sales and Use Tax revenue is the highest

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amount year-to-date since inception. Kolp feels this will be a positive for the call along with economic growth, stability of upper management in the county and fund balance.

Intra-Department Fund Transfers were reviewed. Motion by Guckenberger and 2nd by Benter to approve committee chair to sign the transfer requests. Motion carried with unanimous approval.

Vouchers \$10,000 or more was reviewed.

Consideration was given for 2018's Budget. Wages and insurance premiums will be addressed at the upcoming Human Resource (HR) Committee meeting. Sarah Hinze, Human Resource Director proposed a joint meeting with the Finance Committee to discuss wages. A tentative joint meeting was set for Tuesday June 27 at 8:00 a.m. Hinze will verify date and time with the HR Committee. Discussion would include how to budget wages for 2018. Financial impact of step and market rate adjustments to the compensation plan will be considered. This information will be needed prior to submitting budget instructions to departments (July 18, 2017). Frohling requested separate preliminary wage financials for step increase and market adjustment and their impact to 2018's budget. Frohling also noted preliminary insurance numbers are hinged on whether the state's Joint Committee on Finance decides to go with self-insurance for their next budget. As it stands, the state plan is anticipating a 10% increase for state employees with a 5% anticipated increase for our plan. Frohling stated Dodge County is considering forming a consortium with Jefferson County and some municipalities to form a pool of 1,400 employees to shop for our own insurance plan. The group reached out to Unity to see if there was an interest in this type of proposal. The benefit is Unity would be willing to provide a price quote for 2018 and cap 2019 and 2020. Insurance numbers for the consortium will be available by August 18. State will not release numbers until September. A release from the State insurance plan would require County Board approval. Budgeted annual health insurance cost for 2017 is slightly over \$10 million.

Hinze noted that Carlton Dettman's wage study conducted in 2016 identified some county employee positions to be 6% behind market. According to Hinze, consideration is also being given to Wages versus Benefits. Exit interviews have revealed a lack of benefit flexibility as a problem yet potential new hires turned down jobs due to wages.

Guckenberger requested wage information by departments. Committee members were informed that different labor grades exist in all departments and it will be difficult to determine a 1% increase. Kolp and Hinze will provide information on the financial impact of step increase and 1% market adjustment as options to review at the June 27, 2017 meeting. A 5% increase in health insurance will be considered by the HR Committee along with the impact of a greater employee contribution to health insurance which would offset the wage increase. Committee members encouraged continued investigation of the consortium option for Health Insurance.

Mielke concluded with budget deadlines. Department budget submissions are due by August 30, 2017. Budget completion is projected for September 12, 2017. The Capital Improvement Plan will be presented to County Board on September 19, 2017.

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Kolp presented information on the Procurement Policy. Kolp noted that Management Council had significant input in this policy. Discussion for implementation date was question. Policy was designed for the new Enterprise Resource Planning (ERP) system so it may not be possible to adhere to all components of the policy until the new ERP is implemented. Other areas of discussion included:

- Limit on contracting with former employees is more than 75 days. Guckenberger requested the time period be longer than 75 days.
- Purchases for \$50,000 or more must be sign off by Department of Head, Committee of Jurisdiction and County Board.
- Inclusion of a reference to County Board Purchase rule 30 was suggested.
- Conflict of interest for vendors will be added at a future date.
- Purchasing agent position is an integral part of the Procurement Policy. The JDQ and job description will be going to the HR Committee with anticipation for County Board approval in July. The position will be projected to begin in 2018.

Motion by Benter and 2nd by Fink to approve the Procurement Policy as presented with the understanding that this is a living document with revisions anticipated and all revisions to be brought back to the committee for approval. Motion carried by unanimous approval.

Kolp addressed the Request for Proposal (RFP) of Dodge County Banking Services. According to Kolp, Government Finance Officer Association (GFOA) and the new ERP recommends positive pay as best practices. Landmark Credit Union, the current banking service cannot accommodate positive pay files until 2018 or later. Otto cited the importance of positive pay to prevent fraud. In order for a county check to be cashed, the information on the check must match all information contained in the positive pay file. The urgency for this need was discussed at the Project Management Office (PMO) level. Kolp requested the Finance Committee support in moving forward with the proposal. Patti Hilker, Treasurer is working with Ken Herdeman on acceptable bank charges. Motion by Guckenberger 2nd by Benter to proceed with developing a RFP for banking services that will meet the needs of the new ERP.

Kolp presented information on the status of 2016's Financial Statement. According to Kolp, Johnson^Block and Company have prepared preliminary data for the Moody's call. Based on the preliminary audit results, an estimated \$1.2 million will be turned back to the General Fund. Some of the turn back includes amounts for non-lapsing funds. Kolp noted the Treasurer's Department can be confusing because it includes Sales and Use Tax as well as Human Services turn back amounts. Kolp noted that additional research is required to finalize Clearview's and Highway's numbers. Johnson^Block will present the financial report at July's Finance Committee and County Board meetings.

Kolp presented an update on the ERP project. Resolutions anticipated to go to County Board in July are for all-inclusive ERP implementation costs and addition of Purchasing Agent position. The ERP resolution will include costs for Tyler, Kronos, and GFOA contracts as well as other components necessary for complete implementation of an ERP system. Kronos activities will not be part of this resolution. July's County Board meeting will also include a presentation on the ERP project. Kolp and Otto will provide brief comments on the project and GFOA will present the rest of the information. Prior to July's County Board meeting, Kolp and Otto will appearing before each committee meeting to inform committee members on how the ERP may

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affect the departments of their jurisdiction. The ERP team continues to discuss conversion of current system process to Tyler as well as importing historical data. Financial policies for Accounts Receivable, Accounts Payable and Contracts are still being developed. Discussion continue with Highway regarding their uniqueness and how they will capture information needed for state billing. A project status report was provided for committee members.

A Special Finance Committee meeting is scheduled for Tuesday June 20, 2017 at 6:30 p.m. in Room 4C of the fourth floor of the Administration Building to review bid results. A Special Joint Finance and HR Committee meeting is scheduled for Tuesday, June 27, 2017 at 8:00 a.m. in Room H & I – Auditorium on the 1st floor of the Dodge County Administration Building to review proposed wage information. The next Regular Finance Committee meeting is scheduled for Tuesday, July 11, 2017 at 8:00 a.m. in Room H & I – Auditorium on the 1st floor of the Dodge County Administration Building.

With no other business on the agenda, Chairman Frohling declared the meeting adjourned at 10:18

a.m.



Edward Benter

Secretary